

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:997
ANSWERED ON:08.12.2003
ASSISTANCE TO SUGAR INDUSTRY
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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Union Government had this year offered special assistance to sugar industry to bail them out of the critical situation of the accumulated dues of sugarcane growers in different States;
- (b) if so, the States where such assistance was offered and the extent thereof;
- (c) whether such assistance was denied to some States, including Maharashtra; and
- (d) if so, the reasons therefore indicating the contribution of Maharashtra and other States in the total sugar production in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV)

(a) to (b): The Government has decided to provide Rs.678.06 crores as one time assistance to State Governments to mitigate the hardship of the sugarcane farmers who have not been paid cane arrears for 2002-03 season by private sector sugar factories in the States of Uttar Pradesh, Uttranchal, Bihar, Punjab and Haryana. The State-wise allocation of funds out of Rs.678.06 crores is as under :-

States	Allocation (Rs. in crores)
Uttar Pradesh	490.21
Uttranchal	32.25
Haryana	84.73
Punjab	30.96
Bihar	39.91
Total	678.06

The assistance will be in the nature of soft loan to the State Governments at a concessional rate of interest of 4% with an initial moratorium of three years and repayable within three years thereafter, to clear the sugarcane arrears for 2002-03 season arising out of the difference between the Statutory Minimum Price (SMP) and the State Advised Prices (SAP) with regard to private sugar mills only in these States.

(c) & (d) : The Government has also decided to offer assistance to the State Governments

(including that of Maharashtra) by way of market borrowings to help sugar factories clear cane price arrears of 2002-03 sugar season. The main features of the provision of this assistance are stated hereunder :-

(i) The State Governments would be extended financial support to meet the interest liability to the extent of difference between the Coupon Rate on the Bonds raised through market borrowings and 4% (the rate at which loan may be extended by them to the sugar mills).

(ii) The State Governments would, in turn, extend 10 years loan to the sugar mills with a ceiling interest rate of 4% per annum, this loan will have moratorium on repayment of principal and interest for a period of five years and would, thereafter, be repaid in 5 equal instalments.

(iii) The above would be available to all sugar mills in non-SAP States and to the mills in the cooperative and public sectors in the SAP States.

(iv) The extent of open market borrowings would be determined on the basis of sugarcane price arrears for 2002-03 sugar season in a given State.

(v) Any additional benefit, which a State Government may wish to provide, would be to the charge of the State Government concerned.

(vi) The State Governments would make specific proposals to the Ministry of Finance seeking permission for access to additional open market borrowings.

A statement showing the contribution of the various States to the production of sugar during the sugar season 2002-03 is enclosed (Annexure).

Annexure

STATEMENT SHOWING THE CONTRIBUTION OF VARIOUS STATES TO PRODUCTION OF SUGAR DURING THE SUGAR SEASON 2002-03

(Figures in tonnes)

Sl. No.	STATE	PRODUCTION
01.	Andhra Pradesh	1188319 (5.91)
02.	Assam	0 (0.00)
03.	Bihar	421273 (2.10)
04.	Chhattisgarh	1215 (0.01)
05.	Goa	12723 (0.06)
06.	Gujarat	1228248 (6.11)
07.	Haryana	598873 (2.98)
08.	Karnataka	1797845 (8.94)
09.	Kerala	5044 (0.03)
10.	Madhya Pradesh	85293 (0.42)
11.	Maharashtra	6153194 (30.61)
12.	Nagaland	0 (0.00)
13.	Orissa	37443 (0.19)
14.	Punjab	510635 (2.54)
15.	Rajasthan	0 (0.00)
16.	Tamil Nadu	1703641 (8.48)
17.	Uttar Pradesh	5864134 (29.18)
18.	Uttaranchal	455871 (2.27)
19.	West Bengal	2790 (0.01)
20.	Pondicherry	32398 (0.16)
ALL INDIA TOTAL		20098939 (100.00)

Figure in bracket indicate contribution of States in percentage to the total.